



## Louisiana Housing Finance Agency

The following resolution was offered by Commissioner Guy T. Williams and seconded by Commissioner Donald B. Vallee:

### RESOLUTION

**A resolution providing for preliminary approval of the State's 2011 and 2012 Per Capita Draft Qualified Allocation Plan; and providing for other matters in connection therewith.**

**WHEREAS**, Section 42 of the Internal Revenue Code of 1986, as amended (the "Code") provides for a low-income housing credit (the "Housing Credit") that may be claimed as part of the general business credit under Section 38 of the Code; and

**WHEREAS**, the Housing Credit determined under Section 42 of the Code is allowable only to the extent that the owner of a qualified low-income building receives a housing credit allocation from a housing credit agency such as the Louisiana Housing Finance Agency (the "Agency") unless the building is exempt from the allocation requirements by reason of Section 42(h)(4) of the Code; and

**WHEREAS**, Section 42(m)(1)(D) provides that Subsection (h)(4) shall not apply to any project unless the project satisfies the requirements for allocation of a housing credit under the Allocation Plan applicable to the area in which the project is located; and

**WHEREAS**, under Section 42(m)(1)(A) of the Code, the housing credit for any building is zero unless (i) such amount was allocated pursuant to a qualified allocation plan (the "Allocation Plan") of the Agency, (ii) the Housing Credit Agency notifies the chief executive officer of the local jurisdiction within which the building located of such project and provides such individual a reasonable opportunity to comment on the project, (iii) a comprehensive market study of the housing needs of low-income individuals is conducted before the credit allocation is made by a disinterested party who is approved by the Housing Credit Agency and (iv) a written explanation is made available to the general public for any allocation of housing credit dollar amount which is not made in accordance with established priorities and selection criteria; and

**WHEREAS**, pursuant to Section 42(m)(1)(B) of the Code, the Allocation Plan must:

- (i) set forth selection criteria to be used to determine housing priorities of the Agency which are appropriate to local conditions;
- (ii) also give preference in allocating housing credit dollar amounts among selected projects to---

- (I) projects serving the lowest income tenants,
  - (II) projects obligated to serve qualified tenants for the longest periods, and
  - (III) projects which are located in qualified census tracts and the development of which contributes to a concerted community revitalization plan, and
- (iii) provide a procedure that the Agency will follow in monitoring for non-compliance with the provisions of Section 42 of the Code and in notifying the Internal Revenue Service (the "IRS") of such non-compliance which such agency becomes aware of and in monitoring for non-compliance with habitability standards through regular site visits.

**WHEREAS**, pursuant to Section 42(m)(1)(C) of the Code, the selection criteria set forth in a qualified allocation plan must include:

- (i) project location,
- (ii) housing needs characteristics including whether the project includes the use of existing housing as part of a community revitalization plan,
- (iii) project characteristics, including whether the project includes the use of existing housing as part of a community revitalization plan,
- (iv) sponsor characteristics,
- (v) tenant populations with special housing needs,
- (vi) public housing waiting lists,
- (vii) tenant populations with children,
- (viii) projects intended for eventual tenant ownership,
- (ix) the energy efficiency of the project, and
- (x) the historic nature of the project.

**WHEREAS**, Section 42(m)(2)(A) requires the Agency to allocate Housing Credits to a project in an amount which the Agency determines is necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period; and

**WHEREAS**, the Agency is required to take into account in making its determinations under Section 42(m)(2)(A) the following:

- (i) the sources and uses of funds and the total financing planned for the project;
- (ii) any proceeds or receipts expected to be generated by reason of tax benefits;
- (iii) the percentage of housing credit dollar amount used for project costs other than the cost of project intermediaries, and
- (iv) the reasonableness of the developmental and operational costs of the project.

**WHEREAS**, Section 42(m)(1)(A)(i) of the Code requires that the Allocation Plan be approved by the governmental unit in accordance with the rules similar to the rules of Section

147(f)(2) of the Code (other than subparagraph (B)(ii) thereof) of which the Agency is a part; and

**WHEREAS**, the Agency's Program Rule attached hereto as **Exhibit I** and the Selection Criteria attached hereto as **Exhibit II** utilized in connection with the Agency's Low Income Housing Tax Credit Application Package have been determined to satisfy the requirements of Section 42(m)(1)(B)(i) and (ii) and Section 42(m)(1)(C) of the Code and to satisfy the Agency's responsibilities under Section 42(m)(2); and

**WHEREAS**, under Section 42(m)(1)(D) of the Code, the Housing Credit for any project qualifying under Section 42(h)(4) of the Code is zero unless the project satisfies the requirements for allocation of a Housing Credit under the Allocation Plan of the Agency; and

**WHEREAS**, under Section 42(m)(1)(B)(iii) of the Code, an Allocation Plan is not qualified unless it contains a procedure that the Agency will follow in monitoring compliance with the provisions of Section 42 of the Code and notifies the IRS of any non-compliance of which the Agency becomes aware; and

**WHEREAS**, Section 42(m)(1)(B)(iii) is effective on January 1, 1992, and applies to all buildings placed in service for which a Housing Credit is, or has been, allowable at any time; and

**WHEREAS**, final regulations relating to (i) the requirement that State allocation plans provide a procedure for the Agency to monitor for compliance with the requirements of Section 42 of the Code, (ii) how the Agency is to report any non-compliance to the IRS, and (iii) the affect of such regulations on the Agency, owners of buildings or projects for which a Housing Credit is claimed, and taxpayers claiming the Housing Credits are contained at 26 CFR Part 1 (the "Compliance Regulations"); and

**WHEREAS**, Section 1.42-5 of the Compliance Regulations provides that a procedure for monitoring for non-compliance under Section 42(m)(1)(B)(iii) must include the following:

- (i) Recordkeeping and Record Retention Provisions of Section 1.42-5(b) of the Compliance Regulations;
- (ii) Certification and Review Provisions of Section 1.42-5(c) of the Compliance Regulations;
- (iii) Inspection Provisions of Section 1.42(d)-5 of the Compliance Regulations; and
- (iv) Notification of Non-Compliance Provisions of Section 1.42(5)(e) of the Compliance Regulations.

**WHEREAS**, the form of the Compliance Monitoring Agreement attached hereto as **Exhibit III**, to be entered into between the Agency and owners of low-income housing projects, is sufficient to satisfy the Compliance Regulations relating to the requirements that an owner of a low-income housing project (i) keeps and retains records for each qualified low-income building

in the project, (ii) certify under penalty of perjury certain matters relating to the operation of the project for prescribed periods, and (iii) make available the project and records in connection with the project for on-site inspection; and

**WHEREAS**, pursuant to Section 1.42-5(c)(2) of the Compliance Regulations relating to reviews of each low-income housing project by the Agency, the Agency must:

- (i) review owner certifications under Section 1.45-5(c)(1) for compliance with the requirements of Section 42;
- (ii) conduct on-site inspections of all buildings in the project by the end of the second calendar year following the year the last building in the project is placed in service and, for a least 20 percent of the project's low-income units, inspect the units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units; and
- (iii) at least once every 3 years, conduct on-site inspections of all buildings in the project and, for at least 20 percent of the project's low-income units, inspect the units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units; and
- (iv) randomly select which low-income units and tenant records are to be inspected and reviewed by the Agency. *[The review of tenant records may be undertaken wherever the owner maintains or stores the records (either on-site or off-site). The units and tenant records to be inspected and reviewed must be chosen in a manner that will not give owners of low-income housing projects advance notice that a unit and tenant records for a particular year will or will not be inspected and reviewed. However, the Agency may give an owner reasonable notice that an inspection of the building and low-income units or tenant record review will occur so that the owner may notify tenants of the inspection or assemble tenant records for review (for example, 30 days' notice of inspection or review).]*

**WHEREAS**, Section 1.42-5(h) of the Compliance Regulations provides that (i) the requirement of Section 42(m)(1)(B)(iii) that allocation plans contain a procedure for monitoring non-compliance becomes effective as of June 1, 1992 and applies to buildings for which a low-income housing credit is, or has been, allowable at any time and (ii) Section 42(m)(1)(B)(iii) of the Code and the Compliance Regulations do not require monitoring for whether a building or project is in compliance with the requirements of Section 42 of the Code prior to January 1, 1992; provided, however, if the Agency becomes aware of non-compliance that occurred prior to January 1, 1992, the Agency must notify the IRS of that non-compliance.

**NOW THEREFORE BE IT RESOLVED** by the Board of Commissioners of the Louisiana Housing Finance Agency:

**SECTION 1. PROGRAM RULE.** The Program Rule attached hereto as **Exhibit I** is hereby preliminarily approved.

**SECTION 2. SELECTION CRITERIA.** The Selection Criteria attached hereto as **Exhibit II** is preliminarily approved.

**SECTION 3. COMPLIANCE MONITORING AGREEMENT.** The Compliance Monitoring Agreement, substantially in the form attached hereto as **Exhibit III**, is preliminarily approved.

**SECTION 4. PUBLIC HEARINGS.** Agency's staff is authorized to hold public hearings as required by IRC Section 42 and to do any other necessary action in furtherance of finalization of the QAP.

**SECTION 5. OTHER ACTIONS AND APPROVALS.** The officers of this Board of Commissioners and the President or Vice President of the Agency are authorized and empowered to take any and all further action and to sign any and all documents, instruments and writings as may be necessary to carry out the purposes of this resolution and to file, on behalf of the Agency, with any governmental board or entity having jurisdiction over the Agency, such applications or requests for approval as may be required by law, in accordance with the requirements of Section 147(f) of the Code.

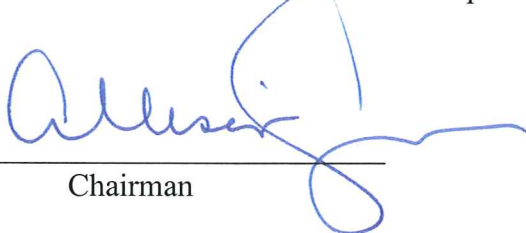
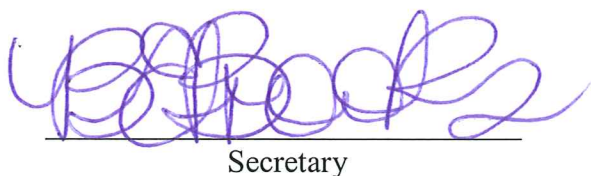
This resolution having been submitted to a vote, the vote thereon was as follows:

**YEAS:** Allison A. Jones, Michael L. Airhart, Katie Anderson, Adena R. Boris, Mayson H. Foster, Neal P. Miller, Joseph M. Scontrino, III, Frank H. Thaxton, III, Donald B. Vallee, Guy T. Williams

**NAYS:** N/A

**ABSENT:** Jerome Boykin, Sr., Alice Washington, Tyrone A. Wilson, Elsenia Young

And the resolution was declared adopted on this, the 13<sup>th</sup> day of April, 2011.

  
Chairman  
Secretary

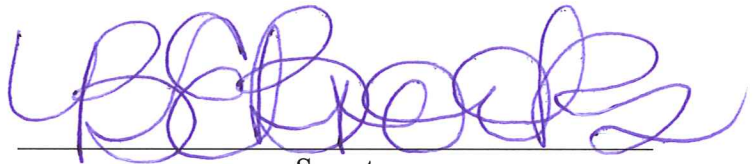


**STATE OF LOUISIANA**

**PARISH OF EAST BATON ROUGE**

I, the undersigned Secretary of the Board of Commissioners of the Louisiana Housing Finance Agency (the "Agency"), do hereby certify that the foregoing five (5) pages constitute a true and correct copy of a resolution adopted by said Board of Commissioners on April 13, 2011, "providing for preliminary approval of the State's 2011 and 2012 Per Capita Draft Qualified Allocation Plan; and providing for other matters in connection therewith."

**IN FAITH WHEREOF**, witness my official signature and the impress of the official seal of the Agency on this, the 13th day of April 2011.

  
Secretary

(SEAL)